

COASTAL CONSERVANCY

Staff Recommendation
September 8, 2005

SOUTH BAY SALT POND RESTORATION PLANNING

File No. 02-070
Project Manager: Brenda Buxton

RECOMMENDED ACTION: Authorization to: (1) disburse up to \$3,000,000 of Conservancy funds to undertake work associated with the South San Francisco Bay Salt Pond restoration planning effort, including costs of the South San Francisco Bay Shoreline Study with the Santa Clara Valley Water District and the U.S. Army Corps of Engineers; and (2) redirect previously authorized funding from the Wildlife Conservation Board for the cost-share agreement to the South San Francisco Bay Salt Pond restoration project.

LOCATION: San Francisco Bay, south of the San Mateo Bridge, in Alameda, Santa Clara, and San Mateo Counties (Exhibit 1)

PROGRAM CATEGORY: San Francisco Bay Area Conservancy

EXHIBITS

Exhibit 1: Project Location and Site Map

Exhibit 2: Project Newsletter

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31000 *et seq.* of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes disbursement of up to three million dollars (\$3,000,000) for technical studies, planning, data collection, and other work associated with the South San Francisco Bay Salt Pond restoration planning. The Executive Officer is further authorized to disburse up to \$ 1 million of these funds to pay the Conservancy’s share of costs under the Feasibility Cost Share Agreement with the U.S. Army Corps of Engineers and Santa Clara Valley Water District for the South San Francisco Bay Shoreline Study, as authorized by the Conservancy on December 2, 2004, and to re-direct previously-authorized Wildlife Conservation Board funding identified for the Cost Share Agreement to the Salt Pond restoration planning.”

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with Public Resources Code Sections 31160 *et seq.*, regarding the Conservancy’s mandate to address the resource and recreational goals of San Francisco Bay Area.
2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.”

PROJECT SUMMARY:

This authorization would enable the Conservancy to continue to facilitate the long-term restoration planning for 15,100 acres of former Cargill salt ponds in South San Francisco Bay, in cooperation with the California Department of Fish and Game (DFG) and U.S. Fish and Wildlife Service (FWS). The Conservancy would use up to \$ 1 million of its own funds to pay its share of the South San Francisco Bay Shoreline Study (the “Shoreline Study”) costs under a federal cost-share agreement with the U.S. Army Corps of Engineers, as authorized by the Conservancy on December 2, 2004. The remaining balance of Conservancy funds from this authorization, \$2 million, and the balance of funds provided by the Wildlife Conservation Board (WCB) pursuant to the Conservancy’s 2004 authorization would go towards the long-term restoration planning.

The Conservancy, FWS, and DFG are working with consultants, nongovernmental organizations, universities, and public agencies to plan the restoration of 15,100 acres of commercial salt ponds to a mix of tidal marsh, mudflat, and other wetland habitats over a projected five-year restoration planning effort. This planning stage involves data collection, alternatives formulation, and environmental analysis and extensive public input. Acquisition was accomplished with a combination of state, federal, and private funds. Primarily state and federal funding is being used for the restoration planning process. When the planning process is completed, restoration alternatives will be outlined in a South Bay Salt Pond Restoration Plan and Environmental Impact Report/Study. The planning process also includes initial design and permits for the first of several phases of restoration implementation. Senator Feinstein and the participating private foundations have stressed the importance of implementing restoration of the salt ponds at the earliest possible date and have indicated that implementation should begin in 2008. The planning process is still on target to meet this accelerated schedule.

In addition to working on the Restoration Plan, the Conservancy, Santa Clara Valley Water District (SCVWD) and the US Army Corps of Engineers will commence work on the South San Francisco Bay Shoreline Study (the “Shoreline Study”) once all three agencies have entered into a federal cost-share agreement. (The Conservancy authorized entering into this agreement at its December 2, 2004 meeting. This authorization would change the funding source for this agreement.) The Shoreline Study will identify specific flood control, habitat restoration and public access improvements projects in the South Bay. The Shoreline Study encompasses a much larger area of the South Bay than the Salt Pond Restoration Project, including areas adjacent to the salt ponds in Santa Clara Counties. This study will facilitate the restoration of the South Bay Salt Ponds because it

will complete the required analysis for the U.S. Army Corps of Engineers to cost-share significant portions of future environmental restoration, public access, and tidal and creek flood protection projects identified in the South Bay Salt Pond Restoration Plan.

South Bay Salt Pond Project Update

Significant progress has been made to date on the Salt Pond Restoration Project. The work underway to meet this accelerated schedule includes:

- **Alternative Development and Analysis:** Under direction of the Conservancy, FWS, and DFG, a consultant team is entering year three of a five-year process for developing the restoration alternatives and completing environmental review. To date, the consultants, through the public collaborative process, have detailed project objectives and evaluation criteria, completed various technical memoranda, and preliminary alternatives for restoration, flood management, and public access. By the end of this year alternatives will be fully developed so that the EIR/S process can begin. This effort is being funded by the Conservancy and the Resources Legacy Fund, which represents the private foundations that have contributed to the planning effort.
- **Interdisciplinary Monitoring:** The U.S. Geological Survey (“USGS”) is in the second year of a multi-year monitoring effort in the South Bay. All of the ponds are being monitored for birds, fish, and invertebrates, and water quality. Neighboring sloughs are being monitored for fish and invertebrates and water quality. These data are critical to better understand the current ecology of the ponds and to design restoration alternatives.
- **Scientific Oversight:** a National Science Panel and a local Science Team continue to provide advice, recommendations, and review. The local Science Team has synthesized existing information on key science issues and convened numerous technical workshops on those key issues.
- **Public Involvement and Outreach:** Three major public meetings have been held focusing on key project issues. In addition, two Local Government Forums have been held for local government staff and elected officials. Two major media events were organized to celebrate the opening of additional ponds to tidal action.
- **Topographic and Bathymetric Surveys:** USGS has collected bathymetric data for the majority of the salt ponds and consultants have conducted an air-based survey of the uplands, levees, and dry salt ponds, and a bathymetric survey of the South Bay and several slough channels. USGS has combined all of these data into a single Digital Terrain Model, a detailed electronic map of the South Bay.
- **Web Site and Data Management:** the project web site, www.southbayrestoration.org, now features an interactive map for the public to use as well as project information and updates. A copy of the project’s most recent electronic newsletter is attached as Exhibit 2.

This authorization will enable the Conservancy to continue to carry out the planning effort in partnership with the Resources Legacy Fund, a nonprofit organization that is managing the private foundation funds contributed to the restoration planning by the Hewlett, Packard, and Moore Foundations, and to enter into a new partnership with the Army Corps for additional work to restore the South Bay Salt Ponds.

Site Description and Project History: The entire South Bay salt pond complex is spread over an area of approximately 26,000 acres. Salt ponds surround nearly the entire Bay south of the San Mateo Bridge (Exhibit 1), on lands that were formerly tidal marsh. An estimated 85 percent of the historic tidal marshes in the San Francisco Bay-Delta Estuary have been filled or significantly altered over the past two centuries for urban development, agriculture, and salt production. Although dramatically different than 150 years ago, the South Bay's wetland habitats, including the salt ponds, tidal marshes, sloughs, mudflats, and open bay, are used by large populations of waterfowl and shorebirds, by harbor seals, and by a number of threatened and endangered species, including the California clapper rail, California black rail, California brown pelican, California least tern, western snowy plover, salt marsh harvest mouse, and steelhead trout.

Negotiations headed by Senator Dianne Feinstein led to the signing of a framework agreement in May 2002 for public acquisition of 15,100 acres of these South Bay salt ponds, along with 1,400 acres of crystallizer ponds along the Napa River. In March 2003, the Salt Ponds were acquired with \$72 million from the WCB, \$8 million from FWS, and \$20 million from the Goldman Fund, Hewlett Foundation, Moore Foundation, and Packard Foundation.

FWS and DFG have taken ownership of the properties and are actively managing the ponds according to the management goals set forth in the Initial Stewardship Plan. Cargill continue to manage a small number of ponds while phasing out its salt-making operations.

While the ponds are being managed under the Initial Stewardship Plan, the Conservancy, FWS, and DFG are charged with developing a long-term restoration plan. In August 2002, the Conservancy authorized \$500,000 in funding for this project; in January 2003, the Conservancy authorized an additional \$2,000,000; in October 2003, the Conservancy authorized \$200,000, and in March and December of 2004, the Conservancy authorized \$3,000,000 and \$2,000,000, respectively, in funding to be reimbursed by the Wildlife Conservation Board. All of the funds authorized to date have been encumbered in grant agreements, interagency agreements, or contracts.

PROJECT FINANCING:

Coastal Conservancy (<i>this authorization</i>)	\$3,000,000
Coastal Conservancy (future authorization)	2,000,000
Coastal Conservancy (<i>already authorized/encumbered</i>)	5,000,000
Wildlife Conservation Board grant to Conservancy	
Coastal Conservancy (<i>already authorized/encumbered</i>)	2,700,000
Resources Legacy Fund	5,898,600
Funding from Hewlett, Packard, and Moore Foundations	
Santa Clara Valley Water District	500,000
Total Project Cost	\$19,098,600

It is anticipated that the Conservancy's funding will come from the Conservancy's FY 03-04 budget appropriation for the San Francisco Bay Area Conservancy Program from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002

(Proposition 50) which can be used for coastal watershed protection pursuant to Chapter 4.5 of Division 21 of the Public Resources Code.

While there are three years remaining in the South Bay Salt Pond Restoration Project schedule, it is anticipated that planning costs will decrease over time and that cost will remain under the \$19.1 million estimate stated above. Conservancy staff may seek up to \$2 million more for Salt Pond planning but if additional funds beyond those are needed, then funding will have to be sought from other sources or the project scaled back.

The project costs described above include the \$1 million for the Conservancy's portion of the non-federal sponsor's cost of an initial South Bay Shoreline Feasibility Cost Share Agreement with the Corps that was authorized in 2004. The total cost of the Shoreline Study is anticipated to be approximately \$15.7 million, with the non-federal sponsor required to provide 50% of the study's costs or approximately \$ 7.8 million. The other non-federal sponsor is anticipated to be the Santa Clara Valley Water District. It is anticipated that the Conservancy will provide \$ 1 million and SCVWD \$3.8 million for technical consultants to be directly hired by these two agencies (\$4.8 million total) who will work closely with Corps staff and consultants to complete the Shoreline Study. The remainder of the non-federal sponsor costs will be in-kind contributions of staff time from both the SCVWD and the Conservancy.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project would be undertaken pursuant to Chapter 4.5 of the Conservancy's enabling legislation, Public Resources Code Sections 31160-31163, to address resource goals in the San Francisco Bay Area.

The South Bay salt ponds are part of the San Francisco Bay estuary and watershed within the nine-county Bay Area as required under Section 31162 of the Public Resources Code, which authorizes the Conservancy to undertake projects and award grants in the nine-county San Francisco Bay Area.

Under Section 31162(a), the Conservancy may undertake projects to improve public access to and around the Bay, without having a significant adverse impact on environmentally sensitive areas and wildlife, such as wetlands, through completion of regional trails, local trails connecting to population centers and public facilities and which are part of a regional trail system, and through the provision of related facilities. The restoration planning effort will include plans for public access, completion of segments of Bay Trail and connecting trails, and other recreational components.

Under Section 31162(b), the Conservancy may act to protect, restore, and enhance natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of regional significance. The restoration of the South Bay salt ponds would restore and enhance nearly 16,000 acres of wetlands, and would be a habitat restoration project of regional and national significance.

Consistent with Section 31163(c), the South Bay salt pond restoration project would implement the policies and programs of the *San Francisco Bay Plan*, as described in the "Consistency with the San Francisco Bay Plan" section of this staff recommendation.

Under Section 31162(d), the Conservancy may act to promote, assist, and enhance projects that provide open space and natural areas that are accessible to urban populations for recreational and educational purposes. The South Bay salt ponds will provide an important open space resource for recreational purposes.

Consistent with Section 31163(c), restoration of the South Bay salt ponds meets the following criteria: (1) is supported by adopted regional plans (*San Francisco Bay Plan*, *San Francisco Baylands Ecosystem Habitat Goals Report*, and the *Water Quality Control Plan* for the San Francisco Bay Basin), (2) is multijurisdictional (spanning three counties) and serves a regional constituency (the restoration project is of national significance and will provide a regional recreational resource), (3) can be implemented in a timely way (restoration planning is expected to take five years, at which point restoration will begin and will be implemented in a phased manner), (4) provides opportunities for benefits that could be lost if the project is not quickly implemented (long-term restoration planning must be carried out now in order to leverage the private foundation funds and achieve wetland habitat goals in a timely manner) and (5) includes matching funds (described under Project Financing).

The project is also consistent with Sections 31163(a) and (c), directing the Conservancy to participate in and support interagency actions and public/private partnerships in the San Francisco Bay Area to implement long-term resources and outdoor recreational goals.

CONSISTENCY WITH CONSERVANCY'S STRATEGIC PLAN GOAL (S) & OBJECTIVE(S):

Consistent with **Goal 10 Objective B** of the Conservancy's Strategic Plan, the proposed project would help the Conservancy develop plans for approximately 15,000 acres of wetlands in the Bay.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

Required Criteria

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Support of the public:** This project is supported by Senator Dianne Feinstein, the Richard and Rhoda Goldman Fund, the William and Flora Hewlett Foundation, the Gordon E. and Betty I. Moore Foundation, the David and Lucile Packard Foundation, Resources Legacy Fund, the California Resources Agency, California Department of Fish and Game, U.S. Fish and Wildlife Service, Santa Clara Valley Water District, Alameda County Flood Control District, the San Francisco Bay Joint Venture, Save The Bay, The Bay Institute, National Audubon Society, Citizen's Committee to Complete the Refuge, Cargill, and many other agencies, organizations, and individuals.

4. **Location:** The South Bay salt ponds are in the nine-county San Francisco Bay Area consistent with Section 31162 of the Public Resources Code.
5. **Need:** Approximately 85 percent of the tidal marsh in San Francisco Bay has been lost since the Gold Rush, leading to dramatic losses of fish and wildlife, decreased water quality and increased turbidity in the Bay, and changes to physical processes as the size of the Estuary shrank, increasing the need for dredging and the local hazards of flooding. The need for restoration of tidal marsh in San Francisco Bay in order to aid in the recovery of at-risk species, and improve water quality and the physical health of the Bay, is well recognized among scientists and resource managers.
6. **Greater-than-local interest:** Restoration of this area is of national significance and will result in the largest tidal wetland restoration project on the west coast of the United States. When combined with other restoration projects underway in San Francisco Bay, including Napa-Sonoma Marsh, Hamilton/Bel Marin Keys, Bair Island, Eden Landing, and Sonoma Baylands, the project is on scale with other national restoration efforts, such as the Everglades and Chesapeake Bay. Restoration of the South Bay salt ponds to a mix of tidal marsh and managed ponds will provide benefits to a large number of species, including migratory waterfowl and shorebirds, and aid in the recovery of several threatened or endangered species, including the California clapper rail and salt marsh harvest mouse.

Additional Criteria

7. **Urgency:** The acquisition of the South Bay Salt Ponds closed in March of 2003 and there is a strong desire among the foundations, agencies, and by Senator Feinstein for restoration planning to be completed within five years of the date of acquisition.
8. **Resolution of more than one issue:** The restoration of the South Bay salt ponds will provide for habitat restoration for fish and wildlife, improved water quality and flood control, and enhanced recreational opportunities.
9. **Leverage:** See the “Project Financing” section above.
10. **Innovation:** Restoration of the South Bay salt ponds will be a national model for how to coordinate a scientifically sound, publicly-supported, multi-objective, multi-agency project, on scale with the Everglades and Chesapeake Bay. The Conservancy is drawing upon its experience with Napa Marsh, Hamilton/Bel Marin Keys, and other restoration projects in San Francisco Bay and along the California Coast, and learn from other efforts around the nation.
11. **Realization of prior Conservancy goals:** This project builds on the Conservancy’s participation in the development of the *San Francisco Baylands Habitat Goals Report*, which has goals, objectives, and recommendations for restoration in San Francisco, and the Conservancy’s participation in wetland acquisition and restoration projects in San Francisco Bay, including Napa Marsh, Bair Island, and Hamilton/Bel Marin Keys. This authorization builds upon previous authorizations by the Conservancy on August 2002, January and October 2003, and March and December 2004 to disburse a total of up to \$7,700,000 of Conservancy funds towards the South Bay Salt Pond Restoration Project.
12. **Cooperation:** The Conservancy is facilitating the long-term restoration planning, working closely with DFG and FWS. The Conservancy, WCB, and private foundations are cooperatively funding the restoration planning. In addition, over 50 entities have been identified as

stakeholders in this restoration project, including local, state, and federal agencies, nongovernmental organizations, special districts, utilities, and the general public.

CONSISTENCY WITH SAN FRANCISCO BAY PLAN:

The South Bay salt ponds are within the permit jurisdiction of the San Francisco Bay Conservation and Development Commission (“BCDC”). The proposed project is considered project planning and exempt from permit requirements.

The project is consistent with the following policies of BCDC's San Francisco Bay Plan:

Part III: The Bay as a Resource

Water Quality

- To the greatest extent feasible, the Bay marshes, mudflats, and water surface area and volume should be maintained and, whenever possible, increased.

Water Surface Area and Volume

- Water circulation in the Bay should be maintained, and improved as much as possible.

Marshes and Mudflats

- To offset possible additional losses of marshes due to necessary filling and to augment the present marshes: (a) former marshes should be restored when possible through removal of existing dikes; (b) in areas selected on the basis of competent ecological study, some new marshes should be created through carefully placed lifts of dredged spoils; and (c) the quality of existing marshes should be improved by appropriate measures whenever possible.

Part IV: Development of the Bay and Shoreline

Public Access

- In addition to the public access to the Bay provided by waterfront parks, beaches, marinas, and fishing piers, maximum feasible access to and along the waterfront and on any permitted fills should be provided in and through every new development in the Bay or on the shoreline, whether it be for housing, industry, port, airport, public facility, wildlife area, or other use, except in cases where public access would be clearly inconsistent with the project because of public safety considerations or significant use conflicts, including unavoidable, significant adverse effects on Bay natural resources. In these cases, in lieu access at another location preferably near the project should be provided.
- Public access to some natural areas should be provided to permit study and enjoyment of these areas. However, some wildlife are sensitive to human intrusion. For this reason, projects in such areas should be carefully evaluated in consultation with appropriate agencies to determine the appropriate location and type of access to be provided.

Salt Ponds and Other Managed Wetlands Around the Bay

- As long as is economically feasible, the salt ponds should be maintained in salt production and the wetlands should be maintained in their present use. Property tax policy should assure that rising property taxes do not force conversion of the ponds and other wetlands to urban development. In addition, the integrity of the salt production system should be respected (i.e., public agencies should not take for other projects any pond or portion of a pond that is a vital part of the production system).
- If, despite these provisions, the owner of the salt ponds or the owner of any managed wetland desires to withdraw any of the ponds or marshes from their present uses, the public should make every effort to buy these lands, breach the existing dikes, and reopen these areas to the

Bay. This type of purchase should have a high priority for any public funds available, because opening ponds and managed wetlands to the Bay represents man's last substantial opportunity to enlarge the Bay rather than shrink it. (In some cases, if salt ponds are opened to the Bay, new dikes will have to be built on the landward side of the ponds to provide the flood protection now being provided by the salt pond dikes.)

COMPLIANCE WITH CEQA:

As feasibility and planning activity, under 14 California Code of Regulations Section 15262, this project is categorically exempt from CEQA review. Similarly, 14 Cal. Code of Regulations Section 15306 exempts basic data collection, research, and resource-evaluation activities which do not result in a serious or major disturbance to an environmental resource.